

# 2016 Legislative Sessions: Summary of Tax Preference Related Activities

The Legislature considered a number of bills related to tax preferences during the 2016 sessions. Attached is detail on bills that passed.

In summary:

- Four bills were passed creating new preferences
- Three bills were passed that altered existing preferences
- One other preference was altered that was previously reviewed by JLARC staff
- A bill passed to extend taxpayer accountability reporting and reduce penalty for not filing
- One preference is due to expire in 2016 and was not extended by the Legislature

In addition, various budget proposals included assumptions on the passage of bills to create, eliminate, or change a number of preferences which **did not** pass. For example:

- Creating a sales tax exemption for conversion of coal-fired electrical generation facility
- Eliminating the use tax exemption for extracted fuel
- Converting nonresident sales tax exemption to a remittance program
- Eliminating the preferential B&O tax rate for travel agents
- Limiting the real estate excise tax exemption
- Eliminating the sales tax exemption for bottled water
- Eliminating the preferential B&O tax rate for international investment management services

Bill #	Preference Name	Tax Type	Description	Expiration Date	Performance Statement?	Specific Accountability Reporting Requirement?	Specific JLARC Study or Assignment?	Specific JLARC Study Date?
New Preferences								
SHB 2539	Transfers Without a Will	REET	Exempts real property transfers via inheritance when certain documentation is missing	Exempted from requirement for expiration date	Exempt	Exempt	No	
2SHB 2839	Airplane Repair Facility New Construction	Sales & Use	Sales and use tax exemption for airplane repair facility new construction	1/1/2027	Yes	Yes	Yes	3 years after facility operationally complete
SHB 2938	Trade Convention Attendance	B&O, Sales & Use	Nexus for WA taxation cannot be created solely by attending a single trade convention in WA	None stated	Yes	No	Yes	By 12/31/2025
SSB 6211	Nonprofit Low-income Housing Development	Property	Property tax exemption for nonprofit entities on real property used to develop low income housing units	1/1/2027	Yes	Yes	Yes	
Altering Current Preferences								
2ESHB 2778	Alternative Fuel Vehicles	Sales & Use	Amends current tax preference	7/1/2019	Yes	No	Yes	
SHB 2884	Alternative Fuel Commercial Vehicle Credit	B&O, Public Utility Tax	Extends the B&O and PUT credit to leased vehicles	1/1/2022	Yes	Yes	Yes	
ESSB 6427	Vehicle Sales to Tribal Members in Indian Country	Sales	Establishes new section for exemption and clarifies necessary documentation	None noted	No	No	No	
Previously Reviewed by JLARC								
HB 2768	Stand-Alone Family Dental Plans	Insurance Premiums	Removes stand-alone family dental plans from from exemption and taxes the premiums	N/A	N/A	N/A	N/A	
Impacting Tax Pref Work								
ESHB 2540	N/A	N/A	Annual Survey/Report changes: Due date moved from 4/30 to 5/31; nonfiling penalty reduced from 100% to 35% with additional 15% possible	None		-	-	
2016 Expiration Dates								
	Mental Health Services	B&O	Deduction for health or social welfare organizations for income from providing mental health services under government- funded programs	8/1/2016	No	No	No	